



California Public Employees' Retirement System
 P.O. Box 942715 | Sacramento, CA 94229-2715
888 CalPERS (or **888-225-7377**) | TTY: (877) 249-7442
www.calpers.ca.gov

Actuarial Circular Letter

July 3, 2020
 Circular Letter: 200-035-20
 Distribution: IV, V, X

To: State Employers, Agricultural Districts, and State Colleges and Universities
Subject: 2020-21 State Employer and Employee Contribution Rates

Purpose

The purpose of this Circular Letter is to inform you of the following employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 21, 2020 and modified by Assembly Bill (AB) 84/Senate Bill (SB) 111. This bill amended Government Code section 20825.1 and reallocated the state's 2019 contribution to the state plans in order to capture all contribution savings over the next two fiscal years. The final employer contribution rates shown in the table on bottom of page two are effective with the first payroll period that ends in July 2020 and are in effect for fiscal year 2020-21.

Employer Contributions

Employer contribution rates for fiscal year 2020-21 are shown in the table below:

Member Category	Actuarial Required Employer Contribution as a Percentage of Compensation Fiscal Year 2020-21
State Miscellaneous	31.43%
State Industrial	21.04%
State Safety	21.28%
State Peace Officers & Firefighters	47.00%
California Highway Patrol	58.84%

Employer contribution rates will continue to vary annually. Pursuant to Government Code section 20683.2(d) of the Public Employees' Retirement Law, the California State Legislature may adopt higher contribution rates than shown in the table above to redirect savings resulting from increases in member contribution rates for various state members that became effective July 1, 2013 and July 1, 2014. The Legislature adopted the increased rates for fiscal year 2020-21.

Rates that include the additional contributions are shown in the table below:

Member Category	Actuarially Required Employer Contribution for Fiscal Year 2020-21	Additional Statutory Contribution to Offset Increased Member Contributions	Total Employer Contribution for Fiscal Year 2020-21
State Miscellaneous	31.43%	0.10%	31.53%
State Industrial	21.04%	0.88%	21.92%
State Safety	21.28%	1.18%	22.46%
State Peace Officers/Firefighters	47.00%	1.65%	48.65%
California Highway Patrol	58.84%	1.32%	60.16%

Due to an advance payment of the unfunded liability by the state under SB 90, the contribution rates for fiscal year 2020-21 were reduced in accordance with Government Code section 20825.1 as amended by AB 84/SB 111.

Rates that reflect the advance payment and final employer contribution rates for fiscal year 2020-21 are shown in the table below:

Member Category	Final Employer Contribution for Fiscal Year 2020-21 Pursuant to GC 20825.1
State Miscellaneous	29.37%
State Industrial	18.19%
State Safety	19.95%
State Peace Officers/Firefighters	36.10%
California Highway Patrol	60.16%

PEPRA Employee (Member) Contributions

Public Employees' Pension Reform Act (PEPRA) members are required to contribute at least 50% of the total annual normal cost of their pension benefit. As per Government Code section 7522.30, state employees are excluded from this requirement except for employees of the Legislature, California State University (CSU), and the judicial branch. PEPRA contains a provision that states when the total normal cost changes by more than 1% of payroll, the member contribution rate must be adjusted to half of the new normal cost rate.

The tables below show the determination of the member contribution rates based on 50% of the total normal cost rate for each respective plan.

Basis for Current Rate

Member Category	Total Normal Cost	Member Rate
State Miscellaneous - CSU, Legislature and Judicial	14.61%	7.25%
POFF – CSU, Legislature and Judicial	24.09%	12.00%

Rates Effective July 1, 2020

Member Category	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous - CSU, Legislature and Judicial	15.07%	0.46%	No	7.25%
POFF – CSU, Legislature and Judicial	24.15%	0.06%	No	12.00%

Member Contribution Rates for State Bargaining Units 5, 9, 10, and 16

Pursuant to Government Code sections 20683.4 through 20683.72, members of state Bargaining Units 5, 9, 10, and 16 are required to contribute at least 50% of the total annual normal cost of their pension benefit. The total normal cost is remeasured annually as part of the actuarial valuation. If the total normal cost of the category changes by more than 1% from the total normal cost determined as of the basis valuation date, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent, not less than the current member contribution rate. Subsequently, if the total normal cost of the category changes by

more than 1% from the basis at that time, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent. Provisions vary by bargaining units.

The tables below show the determination of the member contribution rates based on 50% of the total normal cost for each respective plan.

Basis for Current Rate

Bargaining Unit 5	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/15	15.48%	8.00%
California Highway Patrol ²	6/30/15	26.45%	11.50%

Bargaining Unit 9³	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/18	16.88%	8.50%
State Industrial ¹	6/30/15	18.02%	9.00%
State Safety	6/30/18	23.19%	11.50%

Bargaining Unit 10	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/18	16.88%	8.50%
State Industrial ¹	6/30/15	18.02%	9.00%
State Safety	6/30/18	23.19%	11.50%

Bargaining Unit 16	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/15	15.48%	10.00%
State Industrial ¹	6/30/15	18.02%	10.00%
State Safety	6/30/18	23.19%	11.50%

Rates Effective July 1, 2020

Bargaining Unit 5	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	16.68%	1.20%	Yes	8.25%
California Highway Patrol ²	29.57%	3.12%	Yes	12.50%

Bargaining Unit 9³	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	N/A	N/A	Yes	8.00%
State Industrial ¹	N/A	N/A	No	9.00%
State Safety	N/A	N/A	Yes	11.00%

Bargaining Unit 10	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	16.68%	(0.20%)	No	8.50%
State Industrial ¹	18.13%	0.11%	No	9.00%
State Safety	22.90%	(0.29%)	No	11.50%

Bargaining Unit 16	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	16.68%	1.20%	No	10.0%
State Industrial ¹	18.13%	0.11%	No	10.0%
State Safety	22.90%	(0.29%)	No	11.5%

- (1) The member rate shown here is for a member who participates in Social Security. If there are any members of these groups who do not participate in Social Security, the member rate is currently 1% higher than the rate shown here.
- (2) Assuming the total normal cost does not increase or decrease by more than 1% from 29.57% in the upcoming valuations, the member rate is scheduled to increase to 13.50% effective July 1, 2021, 14.50% effective July 1, 2022, and 14.75% effective July 1, 2023.
- (3) The 50% of normal cost sharing expires June 30, 2020. Member rates will revert on July 1, 2020 to previous levels as shown above.

Additional Information

More information can be found on the CalPERS website in the Finance & Administration Committee meeting, agenda [item 7c \(PDF\)](#) on April 21, 2020. The complete actuarial valuation report is expected to be available on the CalPERS website this summer.

Questions

If you have any questions, call our CalPERS Customer Contact Center at **888 CalPERS** or (**888-225-7377**).

Scott Terando, Chief Actuary
Actuarial Office